

MANAGING BROKER PROGRAM COMPETENCIES AND CURRICULUM



MBRCC

Mortgage Broker Regulators'
Council of Canada

CCARCH

Conseil canadien des autorités de
réglementation des courtiers hypothécaires

Preface

The Mortgage Broker Regulators' Council of Canada (MBRCC) is an inter-jurisdictional association of senior administrative officers representing governments and other self-regulatory organizations that are responsible for administering mortgage brokerage legislation in their respective jurisdictions. The work of the MBRCC is focused on improving and promoting harmonization of mortgage broker regulatory practices to serve the public interest. This includes developing standards of practice and establishing minimum education standards or curriculum blueprints for education course development.

Competencies and Curriculum Documents

The MBRCC has committed to a national approach to mortgage broker licensing education. A key element of this effort is developing national standards for the content and curriculum of the licensing courses. Effective licensing courses ensure that the competencies necessary for the occupation are being addressed and developed throughout the course and its content. As a core competency and curriculum document, the following outlines the minimum content and curriculum requirements for licensing courses across the country. It establishes curriculum standards by identifying the core competencies that are required of Canada's mortgage brokering professionals.

A core competencies and curriculum document is intended to represent a preliminary step in the process of developing a curriculum plan. It is a blueprint that is used as the foundation for curriculum development as well as the standard against which education programs are assessed. A core competencies and curriculum document does not provide extensive curriculum detail, but rather focuses on learning components that capture the essence of the knowledge and skill that must be acquired.

In developing the core competencies and curriculum document, the MBRCC distinguishes between two distinct sets of professional activities in the mortgage brokering industry: *being* in the mortgage brokerage business and *running* a mortgage brokerage business. The distinction is based on the different roles for a) mortgage brokers or associates and b) managing brokers, principle broker and agency executive officers. The MBRCC finalized the Mortgage Associate Program Competencies and Curriculum document in December 2012. It reflects the core competencies required for entry into the industry as a mortgage associate. The second tier is addressed through this document, which focuses on the competencies required to manage a brokerage. Taken together, the two core competencies and curriculum documents comprehensively outline the minimum competencies that are essential to the mortgage brokerage industry in Canada.

The following document represents the occupational competencies that are essential to managing a mortgage brokerage. It outlines the minimum content requirements for any course that licenses an individual to manage a brokerage. As a result, the document is intended to act as a curriculum blueprint for such a course. The seven core competencies identified and the associated learning outcomes for each represent the foundations for the course content and curriculum. The seven core competencies included here were determined by assessing existing managing broker licensing courses and identifying the occupational skills, knowledge and abilities required of managing brokers.

The MBRCC recognizes that there may be jurisdictional differences in terms of regulatory requirements and provincial circumstances affecting the mortgage industry in each province. It should be noted that the core competency document represents the minimum requirements for course content and curriculum. Course providers in each province are expected to build out from the core competencies; ensuring the learning outcomes also reflect any province-specific circumstances or requirements that may need to be addressed. Doing so may call for increased focus on certain items or the addition of specific topic areas to certain competencies.

Core Competencies

In today's workplace industry members are confronted with complex situations and they must have the key competencies to meet the demands when dealing in mortgages. Regulators and educators are challenged to provide educational experiences that develop appropriate competencies to meet the demands placed on industry members. Traditionally, education courses have provided learners with knowledge and some skills to perform their responsibilities for any given task. Tests are administered after the conclusion of the course to assess how learners have understood the concepts and principles. The traditional education course is somewhat of an ineffective system if the goal is to train individuals to perform specific job related tasks and the learner does not have to perform those tasks as part of their learning experience. In a competency-based education program learners will have the training in the competencies required to do their job.

A core competency can be defined as the criteria to be used in assessing achievement and the conditions under which the achievement will be assessed. Identifying the competencies necessary for an industry member to provide professional mortgage brokerage services is central to establishing a quality education program. Competencies to be achieved are carefully identified, verified and made public. Core competencies are not determined by arbitrary decisions about the skills and knowledge in order to function as a mortgage broker industry member.

In a perfect learning situation the learner not only gathers knowledge and skills applicable to their specific situation but the learner's performance is assessed against the identified competencies. This may not always be possible depending on resources and

expertise in the education program, but the first step to moving in this direction is to identify the competencies and assess the performance of the learner the best you can against the competency.

The learner may be assessed on simulated situations or through scenario based learning. This can be accomplished through the effective use of e-learning opportunities in addressing the foundational concepts and skill-building activities, both of which are necessary building blocks for the development of competencies. However the true assessment of the learner's competencies is in real life situations. Apprenticeship or mentorship programs can be the true assessment of competencies in practice.

Some underlying characteristics of core competencies are:

- A framework of competencies bound together in an integrated approach. Many experts agree that coping with today's challenges calls for better development of individuals' abilities to tackle complex mental tasks, going well beyond the basic reproduction of accumulated knowledge.
- Core competencies involve an interaction of cognitive and practical skills, creative abilities and other psychosocial aspects such as attitudes, motivation and values. An underlying part of the framework is reflective thought and action.
- Thinking reflectively demands relatively complex mental processes and requires the subject of a thought process to become its object. Individuals who are reflective also follow up such thought processes with practice or action
- Any given situation or goal may demand a number of competencies be applied to any situation, and may be configured differently for each particular case.

Common characteristics of competency-based teaching are:

- Explicit and clearly aligned expected competencies
- Criteria driven, focussed on accountability benchmarks and ultimately competency
- Grounded in real life situations and work-related contexts
- Focussed on learners; ability to self-assess their skills and the elements of any particular situation
- Individualized, providing more opportunities for independent study

Link between Competencies and Curriculum Design

The competencies are designed to facilitate the work-readiness of future industry members practicing mortgage brokerage. Work-readiness requires certain minimal competencies to be present upon completion of a licensing program. The required competencies

determine the learning outcomes of the program and the instructional design segments the supporting skills into learning Units and Sessions.

The seven competencies identified include the following:

1. Modern Mortgage Brokering
2. Establishing a Brokerage
3. Hiring Staff, Associates and Brokers
4. Managing Staff, Associates and Brokers
5. Managing the Business and Resources
6. Compliance and Ethical Practices
7. Ensuring Competent Services are Provided to the Public

Weighting of Learning Outcomes (1, 2, or 3)

Each core competency has an overall weighting as well as details regarding the supporting skills, learning outcomes and topic areas associated with that competency. Each topic area within the competency also has a specific weighting that contributes to the overall weighting of that competency. An explanation of each of the weighting values (1, 2 and 3) follows:

(1) Reflects critical content. Learners must know this content in order to have a compliant mortgage brokerage practice with provincial and federal legislation and to build the work-ready competencies expected of managing brokers. Critical content *is* subject to assessment.

(2) Reflects important content that intersects with regulatory requirements. Learners need this content in order to have a greater awareness and understanding of how business practices intersect with regulatory obligations and significant factors that influence their activities as managing brokers. Important content *is* subject to assessment where it intersects with regulatory requirements.

(3) Reflects supplemental content: Learners would benefit from this information in order to broaden their understanding of the mortgage brokerage industry and enhance their activities as managing brokers. Supplemental content *is not* subject to assessment.

Competency 1:

Modern Mortgage Brokers

Supporting Skills: Describe key considerations for a brokerage, recent trends in brokerage operations as well as business opportunities and realities for brokerage businesses.

Learning Outcomes – Modern mortgage brokerage businesses and practices (Overall Weighting: 2)

- Be able to describe key aspects of the brokerage business
- Be able to describe business risks that are common to brokerages
- Be able to explain key factors influencing brokerage profitability
- Be able to describe technology's impact on brokerage operations
- Be able to discuss franchising options for brokerages
- Be able to explain recent trends in the brokerage business
- Be able to demonstrate knowledge of the value of market position and market niches

Topics – Brokerage Viability (2)

- Brokerage overview (2)
- Brokerages by number of registrants (3)
- Total registrants by brokerage size (3)
- Brokerage operations: risk and return (2)
- Profitability (2)
- Commissions, fees and charges (2)
- Impact of technology (2)
- Brokerages business/Representation relationship model (1)

Topics – Recent trends in Brokerage Operations (2)

- Virtual vs. Bricks and mortar (2)
- Home-based registrants (2)
- Teams (2)

Topics – Opportunities and Business Realities (3)

- Establishing Market Position (3)
- Investigating Alliances/Affiliations (3)
- Seeking Market Niches (3)
- Scrutinizing Brand Loyalty Options (3)
- Generating Synergism (3)
- Franchise options (3)

Competency 2:

Establishing a Brokerage

Supporting Skills: Plan for and Establish a Mortgage Brokerage

Learning Outcomes – Establish a Mortgage Brokerage (Overall Weighting: 2)

- Be able to analyse, assess and interpret market data
- Be able to develop a business plan
- Be able to identify financial and resource needs
- Be able to develop a budget and plan the use of resources
- Be able to identify ownership options and describe legal and financial requirements of each
- Be able to describe the registration requirements
- Be able to develop a strategic plan as well as policies and procedures

Topics – Developing a Business Plan (2)

- Market analysis (2)
- Assessing locations (availability and applicable laws and regulations) (2)
- Developing and implementing a business plan (1)

Topics – Financial Requirements (2)

- Preparing business projections (2)
- Determine financial resourcing needs (2)
- Insurance options and their benefits (1)
- Sources for financing (Financial institutions, government programs) (2)
- Obtaining financing (2)

Topics – Establishing the Business (1)

- Identifying required resources and equipment (2)
- Identifying options for legal structure (sole proprietorship, partnerships, corporations) (2)
- Determining appropriate legal and operating structure (2)
- Developing an operational plan/action plans (2)
- Strategic orientation and strategic management (1)
- Establishing objectives, mission, vision, values, philosophy and goals (2)
- Establish policies and procedures (1)
- Strategic planning (2)
- Developing a marketing plan (2)
- Organizing the firm's activities (1)

Topics – Incorporation and Registration Processes (2)

- Corporate name (2)
- Registration requirements (2)
- Changes and renewals (2)
- Legislative requirements (2)
- Corporate documents (by-laws, resolutions, corporate seal, minute book, financial records) (2)
- Corporate administration (2)
- Corporate shares (2)
- Shareholder agreements (2)

Topics – Developing the Business (2)

- Brokerage growth options (service enhancements, market development, diversification) (3)
- Conducting competitor analysis (3)
- Planning a branch office expansion (2)
- Acquiring an existing brokerage (2)

Competency 3:

Hiring Staff, Associates and Brokers

Supporting Skills: Staff a brokerage according to its needs and in compliance with applicable labour standards and legislation

Learning Outcomes – Recruit, interview and hire staff, associates and brokers to staff a brokerage (Overall Weighting: 1)

- Be able to identify staffing needs
- Be able to develop a recruitment plan to address staffing needs
- Be able to describe applicable labour standards and legislative requirements
- Be able to select suitable staff, associates and brokers
- Be able to identify and/or develop suitable employment contracts and agreements

Topics – Recruitment (2)

- Determining human resource needs (2)
- Job descriptions (2)
- Recruitment incentives and compensation plans (2)
- Developing recruiting strategy (2)
- Internal policies regarding work and compensation (1)

Topics – Screening and Selection Process (1)

- Assessing applications (1)
- Appropriate interviewing techniques (1)
- Screening and assessing applicants (1)
- Explaining remuneration options (1)

- Selecting suitable associates and brokers in accordance with licensing requirements (1)
- Background checks (1)

Topics – Employing Staff, Associates and Brokers (2)

- Labour standards and legislation (2)
- Occupational health and safety legislation (2)
- Human Rights legislation (2)
- Accessibility for people with disabilities legislation (2)
- Employment contracts and agreements (1)
- Employee status – understanding roles within industry and relationship with the brokerage (2)
- Licensed and unlicensed assistants (1)
- Independent contractors status (1)
- Employee handbooks/policy manuals (1)
- Orientation (2)

Topics – Termination Process (1)

- Understand management cycle from hiring to termination (1)
- Renewals, termination and transfers (1)
- Legal considerations (wrongful dismissals) (1)
- Exit interviews (3)

Competency 4:

Managing Staff, Associates and Brokers

Supporting Skills: Supervise, evaluate and contribute to the professional development of the brokerage staff, associates and brokers

Learning Outcomes – Supervising, evaluating and developing the staff, associates and brokers (Overall Weighting: 1)

- Be able to assess the transactions and files
- Be able to demonstrate that transactions are appropriately completed and submitted
- Be able to resolve problems affecting transactions
- Be able to identify fraudulent and unethical activity
- Be able to identify appropriate action in response to fraudulent and unethical activities
- Be able to discuss methods to adequately monitor performance
- Be able to develop and implement performance evaluation processes
- Be able to create a professional development program

Topics – Oversight of Transactions (1)

- Analyzing transactions and documents of associates (1)
- Oversight of submitted applications (1)
- Supervision of associates and brokers to facilitate compliance (1)
- Solving transactional problems (1)
- Verifying mortgage information and compliance of files (1)
- Identifying fraudulent activity (1)
- Identifying unethical activity and determine appropriate action (1)
- Ensuring relevant information regarding files (1)
- Submitting applications within lender's requirements (1)
- Applications enables lender to make informed decision (1)

- Appropriateness of lending source (1)
- Suitability of mortgage product for lenders and investors and disclosure obligations toward the client (1)

Topics – Associate and Broker Performance (1)

- Performance evaluation process (1)
- Performance objectives (performance-based activities) (1)
- Monitoring performance (1)
- Appraising agents and brokers regarding compliance (1)
- Appropriate reward and recognition (2)
- Establishing corrective actions (1)

Topics – Associate and Broker Training and Development (1)

- Helping associate or broker develop a business plan (1)
- Determining associate or broker's objectives and methods to achieve them (1)
- Professional development opportunities (1)
- Providing training (1)
- Sources for professional development within the industry (1)
- Training plans to improve competencies and performance (1)
- Mentoring coaching practices (1)

Competency 5:

Managing the Business and Resources

Supporting Skills: Manage the brokerage and its resources effectively

Learning Outcomes – Acting as an effective manager and leader, identifying and managing the brokerage’s financial requirements and managing activities within the brokerage (Overall Weighting: 1)

- Be able to manage the brokerages finances in accordance with the applicable laws and regulations
- Be able to describe common financial statements
- Be able to demonstrate knowledge of a brokerage’s financial requirements
- Be able to apply basic accounting principles
- Be able to describe trust fund obligations
- Be able to discuss applicable taxation requirements
- Be able to manage the daily operations of the brokerage
- Be able to discuss approaches to management and leadership
- Be able to describes methods to develop a strong working culture and positive work environment

Topics – Brokerage Management and Leadership (1)

- Management vs. Leadership (1)
- Common management mistakes (1)
- Creating a positive and professional environment (1)
- Building a professional culture (1)
- Accountability (1)
- Controlling the firm’s activities (1)
- Communication (1)
- Conveying vision and values (1)
- Presenting objectives, results and expectations (1)

- Mobilizing staff to achieve objectives (1)
- Delegation (1)
- Broker delegate qualification requirements (1)
- Broker delegate agreement and communication requirements (1)
- Management transition (1)
- Practice Advisor (1)
- Managing teams (1)

Topics – Financial Management (1)

- Financial management (1)
- Accounting requirements/compliant accounting (1)
- Accounting basics (1)
- Accounting system (1)
- Budgeting and planning financial resources (1)
- Bookkeeping (1)
- Financial statements (1)
- Balance sheet (1)
- Income statement (1)
- Cash flow statement (1)
- Applying financial ratios (1)
- Financial management and taxation (1)
- Goods and services tax (1)
- Income tax (2)
- Capital cost allowance (2)
- Capital gain (2)
- Electronic fund transfers (1)
- Mortgage deal record process (1)

Topics – Trust Funds (1)

- Trust fund obligations (1)

- Establishing and maintaining a mortgage trust account (1)
- Trust account reconciliation (1)

Topics – Office Management (2)

- Distribute tasks and files equally (2)
- Review management reports against best practices and plans accordingly (1)
- Administrative support systems (2)
- Marketing and promotional software (2)
- Manage conflicts between staff members (2)
- Working under pressure (2)

Competency 6:

Compliance and Ethical Practices

Supporting Skills: Managing a brokerage in compliance with the laws and regulations governing the mortgage brokerage industry

Learning Outcomes – Compliant practices, marketing and advertising law and recordkeeping requirements (Overall Weighting: 1)

- Be able to discuss the impact of laws and regulations affecting brokerages
- Be able to discuss the impact of non-compliance on a mortgage brokerage
- Be able to demonstrate knowledge of policies and procedures required to ensure compliance
- Be able to describe methods to address client complaints
- Be able to demonstrate knowledge of applicable marketing and advertising laws and regulations
- Be able to demonstrate knowledge of recordkeeping requirements

Topics – Regulatory and Legal Obligations (1)

- Act in accordance with laws and regulations (1)
- Recognize impact of regulation and legislation (1)
- Enforcing standards: statutory obligations (1)
- Review accountability to the regulator (1)
- Disciplinary process (1)
- Misrepresentation, negligence and tort liability (1)
- Assess consequences of noncompliance of agents or brokers (1)
- Broker responsibility agreement (1)
- Address legal requirements and obligations to the consumer (1)
- Implementing policies and procedures to ensure compliance (1)
- Compliant brokerage, agents and brokers (1)

- Develop internal policies to address consumer complaints (1)
- Investigating complaints and breaches of legislation/policies (1)
- Reporting requirements (1)

Topics – Remuneration (1)

- Remuneration provision (1)
- Rebates incentive and inducements (1)
- Referrals/finder's fees (1)

Topics – Compliant Marketing and Advertising (1)

- Applicable provincial legislation and advertising standards (including social media) (1)
- Ensuring compliance of representations (1)
- Broker responsibilities (1)
- Competitions Act (1)
- Telemarketing, National Do-Not-Call List and anti-spam laws (1)

Topics – Record Keeping (1)

- Recordkeeping requirements (1)
- Records management (1)
- Record retention and security of information (1)
- Transaction files, corporate records and employee records (1)
- Record retention policies (1)
- Employee records (1)
- Privacy requirements (1)
- Brokerage management software (2)
- Record storage (1)

Competency 7:

Ensuring Competent Services are Provided to the Public

Supporting Skills: Standards and practices to ensure effectiveness of the brokerage in servicing the public

Learning Outcomes – Professionalism, practice standards and service standards (Overall Weighting1)

- Be able to demonstrate knowledge of methods to protect the consumer
- Be able to discuss methods to address conflicts of interests
- Be able to describe mortgage brokerage professionalism and ethical expectations
- Be able to determine action required to address practice standards issues
- Be able to identify relationship building opportunities for brokerages
- Be able to discuss the value of establishing and managing relationships with lenders

Topics – Standard of Practice (1)

- Broker standards of practice (1)
- Develop and implement plan related to consumer protection (1)
- Dealing with client complaints (1)
- Identify and manage conflicts of interest (1)
- Identify professional behaviors and ethical attitude expected of associate and brokers (1)
- Develop highly moral business practices (1)
- Utilize codes of conduct/ethics and standards of business practices (1)
- Develop and implement plan to correct practice standards issues (1)
- Quality control processes (1)
- Manage problem situations (1)
- Establish control systems and tools (1)
- Settle disputes with other industry professionals (1)
- Avoiding common errors and high risk activities (1)

- Monitor industry trends and Canada bonds (1)

Topics – Establishing and Managing Business Relationships (3)

- Establish professional relationships with other business partners (3)
- Develop a network (3)
- Use complementary resources (lawyers, notaries, lenders) (2)
- Identify business opportunities (2)
- Negotiate partnership agreements (2)
- Draft partnership agreements (2)
- Collaborate with business partners (3)
- Manage business relationships (2)
- Sharing information with business partners (2)
- Seek "win-win" business solutions (3)

Topics – Lender Relationships (1)

- Develop networks of financial institutions, institutional investors, private lenders and private investors (1)
- Maintain networks of financial institutions, institutional investors, private lenders and private investors (1)
- Develop strategy for dealing with private lenders and private investors (1)